

STATEMENT OF
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BEFORE THE

SUBCOMMITTEE ON ENERGY AND WATER
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

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Good morning Mr. Chairman, and distinguished Members of the Committee. My name is Michael Owen, and I am the Director of the Office of Legacy Management (LM) at the Department of Energy (DOE). The Office of Legacy Management is responsible for ensuring that DOE's post-closure responsibilities are met by providing long-term surveillance and maintenance, records management, workforce restructuring and benefits continuity, property management, and land use planning. By managing post-closure responsibilities, LM has better positioned the Department to continue focusing DOE programs and personnel on achieving the diverse missions of the Department, including assisting the Environmental Management program (EM) to concentrate its efforts on cleanup and risk reduction.

LEGACY MANAGEMENT MISSION AND VISION

LM's mission is to manage the effects of certain changes in the Department's mission requirements and ensure the future protection of human health and the environment. Our mission ensures Departmental legacy responsibilities are managed in a manner that best serves Department workers, communities, and the environment. This vision includes several elements:

- Human health and the environment are protected at closed sites, through effective environmental surveillance and maintenance.
- Key records and critical information are preserved and made publicly accessible.
- Public trust is sustained through cooperative partnerships with stakeholders and State, Tribal, and local governments.
- Effective oversight and management of health and pension benefits of the Department's former contract workforce, who have been instrumental to the success of our missions;
- Federal land and other assets are returned to the most beneficial use consistent with the Department's mission requirements.

FY08 REQUEST TIED TO DOE AND LM STRATEGIC GOALS

The Office of Legacy Management has an important role within the Department of Energy. LM supports implementation of the Department's Strategic Plan and has responsibility under Strategic Theme 4, Environmental Responsibility. Specifically, LM has responsibility for goal 4.2, Managing the Legacy. For FY 2008, the President's request for LM activities is \$194 million, a reduction of approximately \$7 million from our FY 2007 budget request. I would like to take this opportunity to explain our FY 2008 budget request from the perspective of LM's four strategic goals.

***LM GOAL 1: PROTECT HUMAN HEALTH AND THE ENVIRONMENT
THROUGH EFFECTIVE AND EFFICIENT LONG-TERM SURVEILLANCE AND
MAINTENANCE***

Environmental surveillance and maintenance activities require approximately \$40 million in FY 2008. The Department's environmental legacy responsibilities stem primarily from the activities of the Department and predecessor agencies, particularly during World War II and the Cold War. By the end of FY 2008, LM will be responsible for long-term surveillance and maintenance activities at approximately 100 sites where active environmental remediation has been completed. Throughout FY 2008, LM will also be preparing for the transfer of additional sites including the Mound facility in Miamisburg, Ohio. Due to the Continuing Resolution for FY 2007, the activities at sites proposed for transfer from EM to LM in FY 2007 (Rocky Flats, Fernald, Columbus, and the eight Nevada offsites) will be funded by EM, but the legacy activities will be managed by LM Federal staff and contractors. Our FY 2008 request includes funding for all sites transferred to LM in FY 2008. The majority of the sites under LM responsibility are either Uranium Mill Tailings Radiation Control Act (UMTRCA) sites or sites associated with the Formerly Utilized Sites Remedial Action Program (FUSRAP).

In addition, LM currently has responsibility for five additional sites regulated under either the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) or the Resource Conservation and Recovery Act (RCRA): the Weldon Spring site in St. Charles County, Missouri; the Monticello site in Utah, the Laboratory for Energy-Related Health Research (LEHR) in California, the Maxey Flats site in Kentucky and the Bill Young-Rainey Science, Technology, and Research (STAR) Center in Largo, Florida at the former Pinellas Plant site. With regard to the Pinellas site, regulatory changes in Florida that allow a risk-based approach are expected to reduce the cost and time to address the remaining Pinellas Plant groundwater issues. Excellent communication and working relations between LM and the Florida regulators will lead to predicted savings approaching \$15 million from our projected baseline at the Pinellas Plant over the next few years.

Once sites have been accepted and transitioned to LM, the Office performs long-term surveillance and maintenance to ensure the environmental remedies remain protective of human health and the environment. Working with EM closure sites, the regulators, and the communities, LM also develops long-term surveillance and maintenance plans, provides post-remediation expertise, and assists sites with their transition. LM environmental surveillance and maintenance requirements differ according to the nature of the individual site, but generally include: groundwater monitoring and treatment; monitoring and enforcement of institutional controls; record keeping; radiological surveys; repairs to waste disposal cell caps and covers; and erosion control and periodic inspection and the preparation and submission of post-closure regulatory documentation.

Since LM was established in 2004, we have worked very closely with EM to ensure a smooth handoff of responsibilities at the major closure sites to support EM's accelerated closures and ensure that all Departmental post-closure responsibilities and liabilities are

effectively and efficiently addressed. I am proud to say our efforts have resulted in the successful transfer of the Rocky Flats site in Colorado and the Fernald site in Ohio. Both sites have been successfully remediated by EM, and have been transitioned to LM for long-term surveillance and maintenance. As I mentioned earlier, EM will provide funding for activities at these two large closure sites in FY 2007, but LM will manage them. As for the third closure site, the Mound facility in Ohio, we continue to work closely with EM to ensure the successful transition of that site in FY 2009.

LM GOAL 2: PRESERVE, PROTECT, AND MAKE ACCESSIBLE LEGACY RECORDS AND INFORMATION

Integral to the cleanup and closure of sites is the preservation and protection of records and information. LM has developed a plan for accepting and maintaining all records transferred to the Office. These records include, but are not limited to, historical site records, cleanup and long-term surveillance and maintenance records, and former contractor personnel and medical records. The Office is responsible for managing these records collections, including electronic data, in a manner that complies with Federal and National Archives and Records Administration requirements. By the end of FY 2008, LM will manage over 100,000 cubic feet of physical records and 6 terabytes of information. LM's information management program will expand to include over 100 different applications and databases necessary to support our long-term mission needs. In addition to the physical records collection, LM will manage a smaller collection of special media that include x-rays, photographs and negatives, video and audio tapes, and architectural drawings that require special environmental controls to maintain the integrity of these collections. LM will also process over 2,500 requests for information under the Privacy Act, Freedom of Information Act, Energy Employees Occupational Illness Compensation Program Act, and other inquiries. In order to effectively oversee our records management activities, we are requesting \$7 million in FY 2008.

LM GOAL 3: SUPPORT AN EFFECTIVE AND EFFICIENT WORK FORCE STRUCTURED TO ACCOMPLISH DEPARTMENTAL MISSIONS AND ENSURE CONTRACTOR WORKER PENSION AND MEDICAL BENEFITS

The completion of missions at certain Department sites also has an impact on the former contractor personnel at the respective sites. When the site contractor's cleanup functions are complete, pensions and other long-term benefits owed to former contractor personnel still need to be administered; however, there is no longer a contractor on site to administer these benefits. To meet the Department's objective of avoiding benefit interruption or inconvenience to plan participants, the administration of pensions and benefits at closed sites was either transferred to other DOE contracts or retained by modifying the current contract. For example, Lockheed Martin Specialty Corporation continues to administer the pensions and benefits at the closed Pinellas site under a modified contract. The Department will continue to take a flexible approach to accommodate future closure sites.

The Office of Legacy Management along with the leadership of the Department has been working to develop a course of action with regard to post retirement benefits for contractor workers at closure sites as well as contracts across the departmental complex. In the case of the closure sites that will or have already transferred to LM, we have been working to ensure a seamless transition of post retirement benefits to the former contractor employees. With the closure of the Rocky Flats site in Colorado, the Department determined that the best course of action was to transfer the administration of benefits from the Kaiser Hill LLC to its sister company, CH2MHill Hanford under its contract at the Department's Hanford Site. This same action is being planned for the Fernald site where the benefit plan administration is being transferred from Fluor Fernald to its sister company Fluor Hanford under its contract at the Department's Hanford Site. It is important to note that this path is a short-term fix to a long-term issue. LM will continue to work on an approach to ensure the continuity of contractor pension and post-retirement at the EM closure sites.

By the end of FY 2008, LM will oversee the funding of pension plans and post-retirement benefits for more than 10,000 former contractor employees. The largest part of our FY 2008 budget request, \$133 million, will pay the pension and post retirement benefits to the former contractor workforce. With the establishment of LM, these costs are much more visible than in the past when funding for these benefits were included in the multi-billion EM budget. These funds will provide the required Employee Retirement Income Security Act contribution to the pension funds and provide post-retirement benefits for medical and life insurance for contractor retirees at closure sites. Of this amount, \$100 million will go toward our commitment to former contractor workers at Rocky Flats, \$13 million to Fernald, and approximately \$4 million for workers retired from the Pinellas Plant site. Another \$14 million is requested to fund the post-retirement life insurance and medical benefits to retirees and contractor employees with DOE service at two United States Enrichment Corporation (USEC) facilities at Paducah, Kentucky and Portsmouth, Ohio prior to the lease agreements between USEC and DOE in July 1993.

LM GOAL 4: MANAGE LEGACY LANDS AND ASSETS, EMPHASIZING PROTECTIVE REAL AND PERSONAL PROPERTY REUSE AND DISPOSITION

Legacy Management is also charged with the transfer or reuse of sites that no longer support an ongoing Departmental mission and possible disposal of properties for beneficial reuse. As such, LM works with other agencies and organizations to transfer real property from the Department, and supports other Departmental elements in reviewing transition plans and closure plans to facilitate the transfer of real and personal property assets to other agencies, private organizations, or private interests. To date, the Department's priority focus is to transfer or lease portions of federal properties associated with the following sites: the Weldon Spring site in Missouri; the Canonsburg site located in Pennsylvania; the Mound site in Ohio; the Eastern Tennessee Technology Park in Tennessee; the Rocky Flats Environmental Technology site in Colorado; and the Hanford site in Washington.

Through these efforts, we are trying to reduce the Department's "footprint" by transferring property back into productive use such as grazing, conservation, forestry or

reindustrialization. By the end of FY 2008, LM will manage approximately 60,000 acres of federal property. In FY 2006 LM transferred the Wayne Interim Storage site in New Jersey through the Land to Parks program to the City of Wayne. That site is being used for recreational purposes for the community. LM is currently working to complete the transfer of the New Brunswick Laboratory in New Jersey to the city of New Brunswick to be used for municipal buildings. After these sites have been transferred, the Department is still responsible for long-term surveillance and maintenance and any potential cleanup liabilities remaining from previous DOE activities associated with these properties.

LM provides assistance to enhance the use of excess personal property to expand existing businesses and create new enterprises. Several Community Reuse Organizations have used excess DOE real property to create industrial parks that have created jobs. Finally, LM also manages 38 uranium mining lease tracts that generate royalty payment to the U.S. Treasury. To accomplish our mission of managing tens of thousands of acres of land and assets, while emphasizing property reuse and disposition, we are requesting approximately \$2 million.

LM ORGANIZATION – A HIGH PERFORMING ORGANIZATION (HPO)

Finally, I would like to take just a brief moment to tell you what LM has done to become a more effective and efficient organization. Over the past two years, LM has been working to become a high performing organization (HPO). As part of this effort, LM has:

- Reduced our Federal staffing levels from 81 to 58
- Improved our supervisor to employee ratio from 1:7 to 1:12
- Reassigned ten Federal staff to place them closer to their responsibilities and our customers including positioning people at or near the major closure sites: Rocky Flats, Fernald, and Mound
- Reduced the Federal grade structure
- Maintained our diversity at a level higher than the Department's average for every category except one
- Reduced our annual program direction requirements by \$3 million from the FY 2006 level.

The Office of Management and Budget has recognized and supports LM's efforts to transform into an HPO. The LM HPO represents a 28 percent reduction from the original plan for federal staffing and will save the taxpayer approximately \$15 million over five years. Over the last three years as EM and other organizations have completed cleanup and closed sites, LM has seen a significant growth in program scope. LM has gone from managing just over 50 sites with a budget of \$66 million in FY 2005, to approximately 100 sites and a budget request of \$194 million for FY 2008. We have become a more effective and efficient organization and are managing a larger scope of work with fewer federal employees.

CONCLUSION

In closing, the Secretary is dedicated to ensuring the Department's commitment to the environment, our stakeholders, and our workers—past and present. We recognize that the Department has responsibilities to the former contractor workers and communities following the completed remediation and closure of sites. The continued involvement of stakeholders including State, Tribal, and local governments is critical to meeting these responsibilities. To this end, we will promote an effective mechanism that provides for, and encourages, active public participation. Mr. Chairman and Members of the Committee, that concludes my statement. I appreciate the opportunity to testify before you today, and I will be happy to answer any questions you may have.